



TRALA

TRUCK RENTING AND LEASING ASSOCIATION

STATEMENT BY THE
TRUCK RENTING AND LEASING ASSOCIATION

UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON WAYS AND MEANS
Subcommittee on Select Revenue Measures

Tax Extenders

April 26, 2012

Introduction

The Truck Renting and Leasing Association (TRALA) is a national non-profit organization that represents the vast majority of the truck rental and lease fleet in North America. Today's rental and lease fleet accounts for approximately 20% of overall commercial trucks in operation. TRALA has over 550 members, operates in about 24,000 locations and employs more than 100,000 people. TRALA members annually purchase between 35 to 40 percent of all new trucks put into commercial service in North America.

TRALA welcomes the opportunity to offer this written statement with regard to the subcommittee's tax extenders hearing which took place on April 26, 2012.

TRALA-Supported Tax Incentives

This testimony is in response to the Committee on Ways and Means Subcommittee on Select Revenue Measures' request for testimony on tax incentives that expired at the end of 2011 and those that will expire at the end of 2012. TRALA supports a wide range of tax incentives that would facilitate the struggling economic recovery and subsequent ability for businesses to create more jobs. However, understanding the focus of the Subcommittee's consideration in this hearing, TRALA would like to address before the committee tax incentives associated with natural gas vehicles (NGV) that were extended as part of P.L. No. 111-312 or the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (H.R. 4853).

Specifically, there are three federal tax incentives that have been in place to encourage the use of NGVs but have expired. They are:

- 1) The \$0.50 credit/rebate for natural gas used as a motor vehicle fuel found in sections 6426 and 6427 of the Internal Revenue Code (IRC). The \$0.50 fuel credit/rebate was first enacted in 2005, went into effect in October 2006, and was to expire in 2009 but it was extended to the end of 2011 as a provision (Section 704) of P.L. No. 111-312.

2) The fueling infrastructure credit found in IRC section 30C. The fueling infrastructure credit for natural gas dispensing equipment was first enacted in 2005, went into effect in 2006, and expired at the end of 2009, and it was extended to the end of 2011 as a provision (Section 711) of P.L. No. 111-312.

3) The alternative fueled vehicle credit found in IRC section 30B. The alternative fueled vehicle credits were first enacted in 2005, went into effect in 2006, and expired at the end of 2010; it was not extended by Congress in P.L. No. 111-312.

Why TRALA Supports These Tax Extenders

Whether driven by environmental concerns, cost efficiencies, striving for national energy independence or shipper and customer demand, TRALA members are increasingly interested in putting NGVs into commercial service.

While these positive impacts are good for both consumers and the general public, NGVs cost more to buy than comparable gasoline or diesel powered vehicles. This upfront cost can be offset to a degree over the long-term because the more miles a NGV is driven each year, the faster the payback because the operating costs are lower than diesel-powered vehicles.

While the cost of natural gas is currently low compared to gasoline and diesel, because of the upfront costs of purchasing these vehicles, making the switch to NGVs is economically difficult for many companies. However, by mitigating the increased upfront cost of buying and operating NGVs, the incentives described above helped make NGVs more economically attractive to many TRALA members and their customers. These incentives also acted to help drive down initial costs because increased demand led to increased production, putting pressure on the cost of natural gas.

By extending the above mentioned NGV incentives, the growth in the marketplace for NGVs would help to decrease our country's reliance on foreign oil and provide both energy and economic benefits for America. From an economic perspective, if the incentives were extended, the number of NGVs produced and sold in America would continue to grow, producing thousands of manufacturing jobs as well as jobs in related fields that deal in natural gas. In addition, no other trucking fuel offers the potential to lower fuel costs for TRALA member companies and other businesses

that rely on truck transport. The trucking industry is the backbone of the U.S. economy. Over 80% of all goods are moved by commercial trucks so rising gasoline and diesel costs increase the cost of virtually all goods.

Conclusion

For these reasons, increasing the use of NGVs will have a positive effect on our economy. Providing tax credits to promote the use of NGVs actually would more than pay for themselves in terms of economic growth. Lastly, because U.S. manufacturers currently produce and offer the largest selection of NGVs and related equipment, these tax extender incentives would help to maintain America's leadership role in this arena.

TRALA urges the Congress to extend the expired tax incentives for natural gas fueling infrastructure and the natural gas fuel credit when it takes up the tax extenders legislation.

Thank you for your consideration. If you have any questions regarding TRALA or our support for the NGV tax incentives, please contact us anytime.

Sincerely,

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